

# PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOHN W. PARSONS, ESQ., *Executive Director*

Auditor SUZANNE M. BUMP | KATHLEEN M. FALLON | KATE FITZPATRICK | JAMES M. MACHADO | ROBERT B. MCCARTHY | JENNIFER F. SULLIVAN

## MEMORANDUM

TO: North Attleboro Retirement Board

FROM: John W. Parsons, Esq., Executive Director

RE: Approval of Funding Schedule

DATE: November 26, 2019

This Commission is hereby furnishing you with approval of the revised funding schedule the Board recently adopted (copy enclosed). The schedule is effective in FY20 (since the amount under the prior schedule was maintained in FY20) and is acceptable under Chapter 32.

The Board maintained a 7.5% investment return assumption in this valuation. Although this is acceptable, this assumption is on the higher end of what we consider a reasonable investment return assumption. We are generally recommending an assumption of 7.25% for 2019 valuations. For comparison, 31 systems are using a 7.5% assumption and 56 systems are using an assumption of below 7.5%.

The salary increase assumption is among the lowest in the state. Only 9 systems use an assumption of 3.5% or lower in valuations. We note on Page 3 of this year's report that there was a loss of \$1.7 million on salary. We expect that over the longer term, this assumption will need to be increased which will increase plan liabilities.

In addition, this schedule amortizes the unfunded actuarial liability on a 6.5% annually increasing basis through FY32. Under the provisions of G.L. c. 32, Section 22F, the maximum allowable increase is 4.0% for schedules that extend beyond FY30. However, since the Board could have adopted a schedule with similar payments if they chose to have the total appropriation increase approximately 5.6% each year through FY32, we will allow this schedule.

We are available to discuss these issues further. If you have any questions, please contact PERAC's Actuary, John Boorack, at (617) 666-4446, extension 935.

JWP/jrl

P:\actuarial\APPROP\Approp20\north attleboro approval.docx

Enc.



## Appropriation Forecast

Fiscal Year	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Unfunded Liability	Funded Ratio %**
2020	\$2,231,197	\$1,028,075	\$2,933,561	\$3,961,636	15.7	\$34,732,858	77.3
2021	\$2,353,049	\$1,052,101	\$3,118,409	\$4,170,510	15.9	\$34,301,443	78.3
2022	\$2,481,350	\$1,076,207	\$3,321,106	\$4,397,313	16.0	\$33,640,816	79.7
2023	\$2,616,432	\$1,100,352	\$3,536,978	\$4,637,330	16.2	\$32,720,482	81.1
2024	\$2,758,648	\$1,124,490	\$3,766,881	\$4,891,371	16.3	\$31,507,301	82.6
2025	\$2,908,364	\$1,148,573	\$4,011,728	\$5,160,301	16.5	\$29,964,763	84.1
2026	\$3,065,969	\$1,765,812	\$4,272,491	\$6,038,303	18.4	\$28,052,672	85.8
2027	\$3,231,868	\$1,196,352	\$4,550,203	\$5,746,555	16.8	\$25,726,810	87.5
2028	\$3,406,490	\$1,219,925	\$4,845,966	\$6,065,891	17.0	\$22,938,570	89.3
2029	\$3,590,284	\$1,243,197	\$5,160,954	\$6,404,151	17.1	\$19,634,558	91.2
2030	\$3,783,721	\$1,266,093	\$5,496,416	\$6,762,509	17.3	\$15,756,160	93.2
2031	\$3,987,296	\$1,288,533	\$5,853,683	\$7,142,216	17.5	\$11,239,067	95.4
2032	\$4,201,532	\$1,310,428	\$6,234,172	\$7,544,600	17.7	\$6,012,769	97.6
2033	\$4,426,974	\$1,331,684	\$0	\$1,331,684	3.0	(\$0)	100.0
2034	\$4,664,198	\$1,352,200	\$0	\$1,352,200	2.9	(\$0)	100.0
2035	\$4,913,808	\$1,371,866	\$0	\$1,371,866	2.8	(\$0)	100.0
2036	\$5,176,438	\$1,390,563	\$0	\$1,390,563	2.7	(\$0)	100.0
2037	\$5,452,754	\$1,408,165	\$0	\$1,408,165	2.6	(\$0)	100.0
2038	\$5,743,456	\$1,424,535	\$0	\$1,424,535	2.6	(\$0)	100.0
2039	\$6,049,279	\$1,439,527	\$0	\$1,439,527	2.5	(\$0)	100.0
2040	\$6,370,996	\$1,452,984	\$0	\$1,452,984	2.4	(\$0)	100.0
2041	\$6,657,690	\$1,518,368	\$0	\$1,518,368	2.4	(\$0)	100.0
2042	\$6,957,287	\$1,586,695	\$0	\$1,586,695	2.4	(\$0)	100.0
2043	\$7,270,364	\$1,658,096	\$0	\$1,658,096	2.4	(\$0)	100.0
2044	\$7,597,531	\$1,732,710	\$0	\$1,732,710	2.4	(\$0)	100.0
2045	\$7,939,420	\$1,810,682	\$0	\$1,810,682	2.4	(\$0)	100.0
2046	\$8,296,694	\$1,892,163	\$0	\$1,892,163	2.4	(\$0)	100.0
2047	\$8,670,045	\$1,977,311	\$0	\$1,977,311	2.4	(\$0)	100.0
2048	\$9,060,197	\$2,066,289	\$0	\$2,066,289	2.4	(\$0)	100.0
2049	\$9,467,906	\$2,159,273	\$0	\$2,159,273	2.4	(\$0)	100.0
2050	\$9,893,961	\$2,256,440	\$0	\$2,256,440	2.4	(\$0)	100.0
2051	\$10,339,190	\$2,357,980	\$0	\$2,357,980	2.4	(\$0)	100.0

\*\* Beginning of Fiscal Year